

**Part II: STATE OF CONNECTICUT
DEPARTMENT OF CHILDREN AND FAMILIES**

SECTION A: The following section pertains to all service components funded under this contract:

1. Quality Assurance: The contractor shall comply with all pertinent provisions of local, state, and federal laws and regulations applicable to the contractor's program, including, but not limited to, Regulations of Connecticut State Agencies, Sections 17-226b-1 through 17-226b-7 and Sections 17-226d-1 through 17-226d-11, inclusive.

The performance of each contractor shall be reviewed and evaluated at least annually by persons designated by the Department of Children and Families. Such reviews and evaluations may be performed by examination of documents and reports, by site visits to funded facilities administered by the contractor, or by a combination of both.

2. Independent Capacity of Contractor: The contractor, its officers, employees, subcontractors, or any other agency of the contractor in performance of this contract will act in an independent capacity and not as officers or employees of the State of Connecticut or of the department.

3. Mergers and Acquisitions:

A. Contracts in whole or in part are not transferable or assignable without the prior written agreement of the department.

B. At least ninety (90) days prior to the effective date of any organizational changes, including but not limited to, merger, acquisition, affiliation, transfer of assets, change of corporate name and any change in fiduciary responsibility, the contractor shall provide the Director, Division of Contract Management of the department with written notice of such proposed changes.

C. The contractor shall comply with the department's requests for any documentation deemed necessary by the department to determine whether the department will continue the contract with the entity that results from the proposed organizational changes or terminate the agreement.

4. Notification of Changes in Key Personnel: Contractor shall immediately notify the Director, Division of Contract Management of the department in writing whenever the contractor intends to make or undergo changes in key personnel, i.e., Chief Executive Officer, Chief Fiscal Officer, Medical Director, program directors of department funded programs, and officers and members of the contractor's Board of Directors.

5. Treatment Planning Conference and Administrative Case Review: The Contractor will actively participate in the department Treatment Planning Conference (TPC) and Administrative Case Review (ACR) process.

6. Federal Fund Requirements: Any contractor who receives any federal funds through the department must comply with the following:

This certification and agreement is a material representation of fact, upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction, imposed by 31 U.S.C. Section 1352.

Contractor certifies and agrees that:

A. None of the funds appropriated by any Act may be expended by the recipient of a federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal action described in paragraph (2) of this subsection.

B. The prohibition in paragraph (1) of this subsection applies with respect to the following federal actions:

- a. The awarding of any federal contract;
- b. The making of any federal grant;
- c. The making of any federal loan;
- d. The entering into of any cooperative agreement;

7. The extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

8. Any person who makes an expenditure prohibited by subsection (a) of this section shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

Pursuant to P.L. 101-166, Title V, Section 511, 103 Stat 1189 (1989), issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with federal money, all grantees receiving federal funds (including, but not limited to, State and local governments) shall clearly state: (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) the percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

If federal block grant funding is appropriated to this contract, the department assumes no liability for payment unless the terms of this contract are in accordance with a legislatively approved block grant plan, as provided by Conn. Gen. Stat. § 4-28b.

9. Community Mental Health Services Block Grant The contractor who receives Community Mental Health Services (CMHS) Block Grant funds shall not expend such funds on the following: (1) inpatient hospital services, (2) cash payments to intended recipients, (3) purchase or improvement of land, purchase, construction or improvement of any building or other facility, purchase of major medical equipment, or (4) satisfaction of any non-Federal

funds expenditure requirement, (5) provision of financial assistance to any entity other than a public or non-profit private entity.

10. Specified Reports: The Contractor shall report information to the department using the specific service type, applicable level of care and standard data set as specified by the department. The contractor shall report service data in the service taxonomy format(s) as required by the department.

11. Public Act 99-210. The Contractor agrees to provide data on seclusion and restraint to the department in accordance with P.A. 99-210. Such data will be provided on department-approved forms, and will include a monthly summary of seclusion and restraint incidents and individualized reports for serious injuries.

12. Other Reports: The Contractor shall provide other reports as specified in Part III of this contract. The contractor further agrees to provide any other reports concerning contracted services which the department may reasonably require. When such other reports are deemed regular (more frequently than on a quarterly basis) and are not explicitly stated above, the department will notify the contractor in writing at least thirty (30) days prior to the initial submission date. This notification will minimally include the required data for the report, as well as the required date of submission.

Required reports will be used for purposes including, but not limited to, determination of the contractor's compliance with program performance standards, provision of cumulative reports and statistical information pursuant to Conn. Gen. Stat. 17a-451(n), and such other routine information as may be required by the department.

13. Financial Penalties for Late Reporting: The department, pursuant to the procedures set forth under Part I, Subsection 20 of this contract, may impose a financial penalty on the Contractor if the Contractor fails to submit timely, complete and accurate reports as specified in Part II, Section B, Subsection 1, and Part II, Section C, Subsection 1. Such penalties will be \$1,000 per late report and may, at the discretion of the department, be withheld from payments to the Contractor.

14. Financial Penalties for Failure to Participate in Treatment Planning Conference (TPC) or Administrative Case Review (ACR): The department, pursuant to the procedures set forth under Part I, Subsection 20 of this contract, may impose a financial penalty on the contractor if the contractor, following receipt of DCF notification, fails to participate in the department's Treatment Planning Conference or Administrative Case Review Process. Participation may include the following activities: submission, prior to the ACR, of a written treatment plan summary; telephonic consultation/participation during the ACR; direct participation at the ACR. Such penalties shall not exceed \$1,000. per occurrence and may, at the discretion of the department, be withheld from payments to the contractor.

15. Related Party Transactions: The Contractor shall report to the department any and all related party relationships and transactions. Related party transactions must be fully disclosed and approved by the department. "Related Party" means person or organization related through marriage, ability to control, ownership, family or business association. Past exercise of influence or control need not be shown, only the potential or ability to directly or

indirectly exercise influence or control. Payments made by the Contractor to a related party are non-allowable unless the Contractor provides sufficient data to satisfy the department that the costs are necessary and reasonable.

“Related Party Transactions” are transactions between the Contractor and a related party and can include, but are not limited to:

- A. Real estate sales or leases,
- B. Leasing for vehicles, office equipment, household furnishings,
- C. Mortgages, loans, working capital loans, or
- D. Contracts for management services, consultant services, professional services, e.g. attorneys, accountants, etc., or for material, supplies, or other services purchased by the Contractor.

If the Contractor has related party transactions at the beginning of the contract period, its costs and valuation basis must be included and approved as part of the budget attached to this agreement. If related party transactions are incurred during the term of the contract, the Contractor must obtain written prior approval from the department. The Contractor shall provide adequate documentation to support the cost and necessity of such transaction. The department reserves the right to limit the cost of related party transactions to the actual cost to the related party. In addition, the department reserves the right to obtain information from the common controlling agency to determine actual cost of the related party transaction.

16. Annual Audit: Notwithstanding the provisions of paragraph 24 and paragraph 25 of Part I of this agreement, no later than six months after the close of the Contractor’s fiscal year, the Contractor shall provide to the department a complete annual financial audit acceptable to the department for all program funds, whether state awarded or not. Such audit shall include audit recommendations. The annual audited financial statements must provide information about income and expenses for each program regardless of funding source, and identify department funds for each program. The department reserves the right to receive a copy of any audit for related parties under common control. Where the Contractor’s fiscal year end does not coincide with the state fiscal year end (June 30), the annual audited financial statements must include a statement that shows the breakdown of expenditures for each department-funded program or service type, for the Contractor’s fiscal year. This schedule of expenditures by contract year must be filed at the same time as the audit report. Contractor shall maintain all fiscal records and accounts for three years after the end of the contract year, or until the State Auditors of Public Accounts complete an audit of the department for such fiscal year, whichever is later. The State Auditors of Public Accounts shall have access to such fiscal records and accounts during such period. Additional audits may be performed by the department (in accordance with Sec. 4-234, CGS) as it deems necessary. The Contractor shall provide all financial records upon request or within a timeframe acceptable to the department. Failure to comply may, at the department’s discretion, result in penalties to the Contractor including, but not limited to, reduced funding, delay in payments, and license enforcement action.

17. Third Party Beneficiary: This Agreement is not intended to create, nor shall it be deemed to create, any third party beneficiary rights in recipients.

18. Government Function: If the amount of this contract exceeds two million five hundred thousand dollars, and if the contract is for the performance of a government function as that term is defined in Conn. Gen. Stat. § 1-200(11), as amended by Public Act No. 01-169 and Public Act 02-130, the department is entitled to receive a copy of the records and files related to the contractor's performance of a government function.

All records and files related to the contractor's performance of a government function, as that term is defined in [Conn. Gen. Stat. § 1-200(11), as amended by Public Act No. 01-169 and Public Act 02-130,] are subject to the Freedom of Information Act and may be disclosed by the department pursuant to that Act.

19. Grievance Procedures: The contractor shall develop and maintain a formal grievance procedure, acceptable to the department, in order to address the complaints of persons requesting or receiving services under this contract.

20. Cultural Competence:

A. The Contractor shall ensure that policies and practices are developed and services provided in a manner that is sensitive to the cultural, linguistic, and other human diversity characteristics of the children and families served. The contractor further agrees to furnish the department with any information the department deems necessary for the purposes of assuring compliance with this provision. This may include, but not be limited to, specific information related to how the Contractor will plan to address the language, disability, and other diversity needs of the children and families to be served and the current capacity of the Contractor to provide these services. It may also include documentation of ongoing training and other professional development activities focused on cultural and diversity issues.

B. When necessary and appropriate, the Contractor shall establish community linkages and subcontracts that are representative of, and effectively support the cultural, racial, ethnic, religious, linguistic and other special needs of children and families served through this contract.

C. When required by the department, the Contractor shall complete a self-assessment instrument developed for the Planning of a Multiculturally Competent Service System.

21. Board Composition: The Contractor agrees to ensure that the Board of Directors shall include community, family, and professional participation and, whenever possible, the participation of people who use the services of the organization. The Contractor further commits to maintaining or creating through its appointments a Board of Director whose composition will reflect the racial and ethnic background of the children and families to be served by this contract. The Contractor shall provide the Department with a list of current Board Members, indicating sex, race, ethnicity, and the term of each member.

22. Licensing Compliance: As applicable, the Contractor will ensure that the Contractor and their subcontractor(s) are licensed by the Department of Children and Families; are not subject to licensing restrictions; have not had admissions closed by the department within the past six months; and have not had a department contract amended, terminated, or reduced due

due to a licensing issue.

23. Offer of Gratuities: By its agreement to this contract, the Contractor certifies that no elected or appointed official or employee of the State of Connecticut has or will benefit financially or materially from this procurement. This contract may be terminated by the department if it is determined that gratuities of any kind were either offered to or received by any of the aforementioned officials or employees from the Contractor, its agent or employee.

24. Program Closure and Transition: In the event the contractor closes, reduces services or relocates any program funded under this contract, or if for any reason, the fiduciary responsibility of the contractor changes, or if the department does not offer funding for the subsequent fiscal year, then pursuant to Clause 9 of Part I of this agreement, the department and the contractor shall negotiate and resolve the following issues: the time lines for closure of the program, closure of admissions and the transfer or discharge of clients remaining in the program at the time of closure; the amount of any final payments due the contractor or refunds due the department; the transfer or storage of all program records pursuant to the requirements of the Federal Confidentiality Regulations, 42 CFR Part 2; the disposition of property and equipment in which the department has a financial interest pursuant to the requirements of Regulations of Connecticut State Agencies, Sections 17-226d-4(i), (1) & (2) including Bond Fund Award liens and obligations; notification to clients of the closure, their options for transfer to other programs and the contractor's obligations to facilitate such transfer; and such other issues as are pertinent to the specific situation.

SECTION B: The following section pertains only to service components funded under this contract through state financial assistance which are not designated as Fee For Service components as defined in Section C:

1. Reporting Requirements: The contractor shall supply all applicable reports required by the department's funding regulations, Regulations of Connecticut State Agencies, Sections 17-226b-1 through 17-226b-7 and Sections 17-226d-1 through 17-226d-11 and the applicable reports specified below. Required reports will be used for purposes including, but not limited to, determination of the contractor's compliance with program performance standards, provision of cumulative reports and statistical information pursuant to Conn. Gen. Stat. 17a-451(n), and such other routine information as may be required by the department.

2. Fiscal Reports:

A. Interim Fiscal Report: The Contractor shall annually submit an interim fiscal report no later than March 31. The interim fiscal report shall be in the form prescribed by the department, shall be prepared on an accrual basis and shall report the actual income and expenditures for each funded program for the period July 1 through February 28 (or February 29 during leap year). Such report shall identify staff by name and position.

If so required by Section B., Paragraph 3 below, the Contractor shall submit to the department budget revision requests for variances indicated in the interim fiscal report no later than March 31. The Contractor shall comply with department requirements as to the form and content of these submissions.

B. Annual Financial Report: The Contractor shall submit an annual financial report no later than September 30. The annual financial report shall be in the form prescribed by the department and shall report the actual income and expenditures for each department-funded program for the period July 1 through June 30. The annual financial report shall agree with the Contractor's internal financial records and the Schedule of Expenditures included in the Single Audit submission or to the annual audited financial statements, as applicable.

If so required by Section B., Paragraph 3 below, the Contractor shall submit to the department final year end budget revision requests no later than September 30. The Contractor shall comply with Department requirements as to the form and content of these submissions.

3. Expenditures: Contracted funds may not be expended prior to the starting date of the contract or beyond the ending date of the contract. The Contractor shall implement controls adequate to ensure that expenditures charged to activities under this contract are for allowable purposes, as determined by the department, and documentation is readily available to verify that such charges are accurate. Unless otherwise specified in Part III, funds approved for or paid to the Contractor by the department shall not be used for fines and penalties, fundraising costs, charitable contributions, principal on mortgages/loans, taxes other than payroll, capital equipment as per paragraph 7 below, mileage reimbursement in excess of the current rate as promulgated periodically by the state Comptroller's office, renovations/alterations, interest expense on loans, entertainment, bad debts, depreciation, or legal fees for action against the State. This restriction shall not be interpreted to prevent routine maintenance, but no such funds shall be used for construction or renovation of buildings. If costs are allocated across programs, an agency-wide cost allocation plan must be provided prior to execution of this agreement. This plan shall include total costs allocated as well as the method of allocation for all programs.

4. Payments:

A. Initial Payment. An initial contract payment of state funds representing three months in the amount of one-fourth (1/4) of the total annual state funded contract amount will be authorized by the department after the start of the state fiscal year contingent upon the availability of funding to the department and contingent upon the full execution of this agreement.

An initial contract payment of federal funds representing three months in the amount of one-fourth (1/4) of the total annual federal funded contract amount will be authorized by the department after the start of the state fiscal year contingent upon the full execution of this contract and receipt of federal monies by the department in compliance with the federal Cash Management Improvement Act (CMIA), 31 U.S.C. § 6501 et. Seq. of (1990).

B. Subsequent payments. In the second and third quarters of the state fiscal year, payments, each representing three months in the amount of one-fourth (1/4) of the total contract amount, will be authorized by the department contingent upon the availability of

funding as per Part I, section 10 of this agreement. Either of these payments may, at the department's discretion, be withheld in whole or in part pending receipt of the Annual Financial Report as per Part II, section B, paragraph 1 above.

C. Final Payment. The final payment representing three months in the amount of one-fourth (1/4) of the total contract amount will be made following receipt and review of the Interim Fiscal Report and contingent upon funds availability as per Part I, section 10 of this agreement. This payment may, at the department's discretion, be withheld in whole or in part pending receipt of the Interim Financial Report as per Part II, section B, paragraph 1 above.

D. When the department's review of the Contractor's financial reports or on-site examination of the Contractor's financial records indicates that under expenditure or under utilization of contract funds are likely to occur by the end of the state fiscal year, the department may alter the payment schedule for the balance of the fiscal year upon thirty (30) days' written notification to the Contractor. Payment adjustments may be made for the following:

- a. utilization;
- b. receipt and approval of required reports within the time frames established by the Department;
- c. actual expenditures reflecting a reduction in projected total annual expenditures;
or
- d. offset of any unallowable expenditures or unexpended funds owed from a prior award or a previously terminated contract.

E. The amount of this contract represents the maximum annual amount payable by the department to the Contractor for providing the services described in Part III of this contract.

5. Annual Budget Variance:

A. The Contractor shall adhere to the approved budget allocated to each service component, included as part of this agreement. In the event that the Contractor and/or subcontractors receive(s) funding from any source other than those indicated in this contract, the Contractor shall notify the department of such funding and its use within ten (10) business days after receiving notice of such funding.

B. The following annual variances from the approved budget are allowable without prior Department approval, however, the department must be notified of any such variances in writing by March 31, if possible, but in no instance later than June 30:

- a. Line item expenses within department-funded program cost centers up to 5% of each line item or \$5,000, whichever is greater;
- b. Individual salary variances up to 10% in department-funded program cost centers.

C. Variances that exceed the allowable limits specified herein and that do not have a department-approved budget revision will be treated as disallowed expenses and may, at the department's discretion, be required to be returned to the department.

6. Unexpended Funds:

A. Whenever the department determines from its review of the Contractor's audited annual financial statements and program operations that the total paid under this contract, together with applicable program income from other sources, exceeds the total allowable expenses of the program, such excess income shall be deemed by the department to be unexpended funds. If the Contractor is not required to submit audited annual financial statements, the department may utilize the final annual financial report to determine the existence and amount of unexpended funds.

B. Unexpended funds shall be identified by and returned to the department in the following manner:

Funds paid to the Contractor shall be identified by the department's "Special Identification Number" (SID). The payments made by the department shall be compared to the expenses reported by the Contractor, by SID as noted on the "Schedule of Expenditures of Financial Assistance" and/or "Schedule of Expenditures of Federal Financial Assistance" or other similar schedule(s) as required by the Federal and State Single Audit acts. If the Contractor is not required to file Single Audit Reports, the department may utilize the Contractor's final Annual Financial Report to determine any unexpended funds. If payments made by the department exceed the expenses reported, the department may recoup such payments by (a) offsetting a future contract payment by the amount of the unexpended funds calculated by the department or (b) requesting payment from the Contractor by check or other means as determined by the department. If requested to return unexpended funds by check, the Contractor shall return to the department the amount of unexpended funds subject to recoupment not later than thirty (30) days after receipt of written notice from the department that such amount is due. The department may recoup from future contract payments an amount equal to any such unexpended funds subject to recoupment that remain unpaid more than sixty (60) days after receipt of said written notice. The department may, at its discretion, implement a repayment or recoupment plan that spreads out the repayment or recoupment over a timeframe mutually agreeable to the Contractor and the department.

C. The Contractor may request permission from the department to carry forward unexpended federal funds from one fiscal year to a subsequent fiscal year provided that such request: (1) is made to the department in writing; (2) specifies the amount of unexpended federal funds requested and identifies the fiscal year from which and to which the Contractor is seeking permission to carry forward; (3) includes an opinion letter from an independent Certified Public Accountant acknowledging the reasonableness of the requested amount; (4) clearly explains why the Contractor has not fully expended payments made by the department under this contract; (5) details the purposes for which the Contractor proposes to use the requested unexpended federal funds; and (6) is accompanied by written documentation that the request to carry forward such funds is authorized by the Contractor's governing authority. Carry forward requests must be

must be received by the Department no later than August 31. Upon determination by the department that the Contractor has performed in accordance with the terms and conditions of the contract, and that the amount and proposed use of the unexpended funds for which a carry forward is being requested are appropriate, the department may approve a request to carry forward unexpended federal funds and will notify the Contractor in writing of such approval. Unexpended federal funds thus approved for carry forward shall not be subject to section A of this provision provided that the Contractor expends such funds by the end of the fiscal year immediately following the fiscal year in which the unexpended federal funds were originally accrued. Contractor shall not use unexpended federal funds approved for carry forward for any purpose other than the one for which the department has granted specific prior written approval.

D. The Contractor may request that a portion of unrestricted operating income which is in excess of funds paid under this contract be designated for a special or future use within the next fiscal year provided that such request: (1) is made to the department in writing in advance of such use; (2) specifies the amount being requested and substantiates that said portion is not required to meet current operating expenses; (3) is accompanied by written documentation that the request for such designation is authorized by the Contractor's governing authority; and (4) details the purposes for which the Contractor proposes to use the requested amount. At the sole discretion of, and only upon specific prior written approval from, the department, funds so designated shall not be deemed unexpended funds and shall not be subject to section A of this provision. In such case, the Contractor must submit a reconciliation of unexpended funds to show the approved exception. This reconciliation must be submitted with the Contractor's Single Audit or annual audited financial statements, as applicable.

E. Absent specific prior written approval from the department under section C. or section D. of this provision, the Contractor shall not expend, transfer or otherwise use funds deemed by the department to be unexpended funds and all such funds shall be subject to section B of this provision.

7. Capital Expenditures: Contractor shall not use funds allotted by the department under this contract for capital expenditures. This restriction shall not be interpreted to prevent routine maintenance, but no such funds shall be used for construction or renovation of buildings.

8. Equipment: Equipment is defined as machinery, tools, furniture, vehicles, and other personal property with a normal useful life of more than one year and a value of \$1,000 or more, or as defined by the Comptroller of the State of Connecticut. Equipment purchased, in whole or in part, with funds provided by the Department under this contract will be considered the property of the department. Equipment will be considered purchased from Contractor funds if the program has other sources of income equal to or greater than the equipment purchase price. Such purchases will be considered to be the property of the Contractor. Equipment to be purchased for the program with department funds must be identified and the cost itemized in Part III of this contract or in a budget revision form. The following provisions apply to equipment purchases made in full or in part with Department funds:

- A. Contractor shall obtain the prior approval of the department either through the contract application budget or a budget revision. Each piece of equipment to be purchased and its costs must be clearly itemized.
- B. Contractor shall obtain three (3) competitive bids with the purchase to be made from the lowest qualified bidder.
- C. Contractor shall maintain an inventory of all equipment purchased with department funds, using a form and format acceptable to the department.
- D. As part of its annual audit statement, Contractor shall submit verification by the auditor of the continued possession of all equipment purchased with department funds.
- E. Any item of equipment purchased with department funds shall not be discarded or sold or removed from the inventory without the prior written approval of the Department.
- F. If department funding to the Contractor is terminated or not renewed, the department will determine the manner of the disposition of all equipment purchased in full or in part with department funds by: (1) permitting the Contractor to retain and use the property; (2) allowing the Contractor to sell the equipment and return the proceeds to the department, minus an agreed upon amount to compensate for the costs of selling the property; or (3) returning the equipment to the department.

SECTION C: The following section pertains only to service components funded under this contract through state financial assistance on a fee for service basis as follows: Residential Services, Therapeutic Foster Care, Safe Homes, Medically Complex Therapeutic Foster Care, Shelter Services, Permanency Placement Services Program, T2K Adoption, and Permanency Diagnostic Centers:

- 1. Reporting Requirements:** The contractor shall supply all applicable reports required by the department's funding regulations, Regulations of Connecticut State Agencies, Sections 17-226b-1 through 17-226b-7 and Sections 17-226d-1 through 17-226d-11.
- 2. Fiscal Reports:** Residential providers shall submit Single Cost reports in accordance with the regulations of Connecticut state agencies Section 17a-17-1 through 17a-17-16.
- 3. Payments:** The department agrees to pay the Contractor according to the terms of compensation and payment stated in Part III of this contract. The department may, at its discretion, withhold payments pending receipt and approval of required reports within the time frames established by the department or to offset of any unallowable expenditures or unexpended funds owed from a prior award or a previously terminated contract.